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State Department review completed

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GENERAL**1. Marshal Tito still believes Moscow will avoid "major" war risks:**

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Marshal Tito,

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[redacted] expressed the opinion that the USSR, while continuing to take "minor risks" of war, would avoid "major risks," and that consequently an armed conflict would occur only if Moscow miscalculated.

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[redacted] Tito insisted that he was anxious for good relations with Italy, but felt that the issue should not be raised again until agitation on both sides subsided.

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Comment: Early in March, Marshal Tito expressed the view that growing Western military strength had reduced the danger of Soviet aggression.

Yugoslavia reacted sharply to the London Conference which gave Italy a voice in the Administration of Zone A of Trieste, and has since shown no signs of willingness to reach an over-all settlement on the Free Territory.

FAR EAST**2. Burmese mission to study land policy in Peiping and Moscow:**

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The American Embassy in Rangoon reports that a Burmese mission, led by the Minister of Land Nationalization, Thakin Tin, is to spend August and September in Peiping and Moscow studying "methods of land nationalization for application in Burma." Thakin Tin recently told an Embassy officer that he is seeking to develop a "new system" based both on the Chinese method of individual distribution of land and on Russian collectivization, but adapted to conditions in Burma.

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Comment: Thakin Tin will be the second Burmese cabinet officer to lead a delegation into the Communist Orbit in less than three months. He is identified with the left wing of the Burma Socialist Party and is the sponsor of the Land Nationalization Act which is largely derived from Communist theory.

EASTERN EUROPE

3. New Rumanian-Hungarian economic link reported:

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Rumania and Hungary signed a three-year economic cooperation agreement last week, providing for the linking of the electric power networks of the two countries and formation of a joint Rumanian-Hungarian company to exploit Rumania's natural gas and chemical resources.

Using Hungarian equipment, the new company will build a large chemical combine in Rumania which is expected to produce enough nitrate of sodium to meet the requirements of both countries. A new pipeline also will be constructed jointly for supplying natural gas to a proposed Hungarian chemical plant.

Comment: This is the first time that Moscow, through the Council for Mutual Economic Assistance, appears to have approved formation of a joint stock company by two Satellites. The agreement will serve the Council's purported aim of consolidating the resources of the two countries and making them complementary rather than competitive.

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WESTERN EUROPE

5. East German railroads reportedly purchasing steel plates through Switzerland;

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The East German railroads have reportedly ordered 2,500 tons of steel plates

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Comment: The steel plates are probably for use in the construction of the 2,300 heavy duty flatcars, suitable for operation on either standard or broad gauge track, which are scheduled for production in East Germany in 1952. As a result, a large percentage of the capacity of the wagon construction industry will be tied up and production of other types of cars may be almost eliminated.

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This order, for which the Germans are willing to pay an unusually high price, and a previous one for 80,000 tons of steel rails reflect the critical steel shortage in East Germany.

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7. French Government may charge Duclos with espionage:

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The French Government appears hopeful of bringing Communist chief Jacques Duclos to trial before a military court on charges of espionage. The Minister of Justice has

informed the Cabinet that the government's recent anti-Communist drive has uncovered evidence which may incriminate Duclos on charges which would make him subject to such a trial.

Comment: Duclos was arrested on charges of endangering internal security, and the government has been denying press reports that evidence of espionage was actually found. Premier Pinay is reportedly determined to push the fight against the Communists by every means short of outlawing the party. The Communists have been unable to stir up popular sentiment for Duclos.

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